

9:30am

**SUPERIOR COURT OF CALIFORNIA COUNTY OF SACRAMENTO  
ORDER DETERMINING DISPOSITION OF EX PARTE APPLICATION**

Case Name <b>KHM vs. Beahm</b>		Case Number <b>2019-00251335</b>
Type of Application <b>OST/Motion to Approve Settlement</b>	By <b>Δ</b>	Application Date <b>SEP 24 2019</b>
Names of Appearing Party		Representing
<b>Shawn Ervin</b>		<b>Δ-Beahm</b>
<b>Jason L. Hoffman</b>		<b>IT- KHM</b>
The Court, having considered the above entitled ex parte application <input type="checkbox"/> without a hearing <input checked="" type="checkbox"/> after hearing with appearance as noted above, rules as follows:		
<input checked="" type="checkbox"/> The application is granted. <div style="font-size: 1.2em; margin-top: 10px;"><i>The court will sign the order provided.</i></div>		
<input type="checkbox"/> The application is denied on the merits of the papers presented to the Court.		
<input type="checkbox"/> The application is denied without prejudice to its resubmission for the following reason(s):		
<input type="checkbox"/> The moving party may not proceed except by noticed motion.		
<input checked="" type="checkbox"/> Other <div style="font-size: 1.1em; margin-top: 10px;"><i>Mr. Beahm is present w/ Mr. Russell. Mr. Beahm understands and verbally, appropriately responds to all the court's questions &amp; concerns. The court is satisfied he understands the settlement, and understands Mr. Russell is the trustee (successor). He wants to settle this matter. CCP 372 permits ex parte determination.</i></div>		
<input type="checkbox"/> Counsel for the _____		<input type="checkbox"/> _____ is ordered to prepare formal order.
<b>SEP 24 2019</b> _____ DATE		<div style="font-size: 1.5em; margin-bottom: 10px;"><i>David I. Brown</i></div> <b>JUDGE OF THE SUPERIOR COURT</b> <b>DAVID I. BROWN</b>

1 SHAWN J. ERVIN (SBN 179450)  
2 COLLINS, RITCHIE & ERVIN, LLP  
3 331 J Street, Suite 200  
4 Sacramento, CA 95814  
(916) 273-4902  
(916) 273-4891 (Fax)

5 Attorneys for  
6 WAYNE RUSSELL,  
Guardian Ad Litem for Defendants William Beahm and Greer Beahm

FILED  
ENDORSED

2019 SEP 23 AM 8:52

WAY AND JESSIE J. BEAHM  
SUPERIOR COURT  
SACRAMENTO COUNTY

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 FOR THE COUNTY OF SACRAMENTO

10 KHM HOLDINGS LLC, a California limited  
11 liability company,

12 Plaintiff,

13 v.

14 WILLIAM BEAHM, as Trustee of The  
15 Beahm Family Living Trust, and GREER  
16 BEAHM, as Trustee of The Beahm Family  
Living Trust, and DOES 1-25 inclusive,

17 Defendants.

18 AND RELATED CROSS ACTIONS.  
19

Case No.: 34-2019-00251335

ORDER APPROVING SETTLEMENT  
[Code of Civil Procedure § 372]

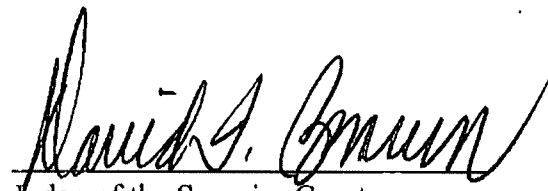
DATE: September 24, 2019

TIME: 9:30 AM

DEPT.: 53

20 Application having been made by Petitioner WAYNE RUSSELL, and good cause appearing  
21 therefore, IT IS ORDERED THAT, the Settlement Agreement entered by the parties to this matter on  
22 September 19, 2019 is approved and parties are authorized and instructed to take the actions necessary to  
23 carry out the terms of the settlement. A copy of the Settlement Agreement is attached to this Order as  
24 Exhibit A.

25 DATED: Sept. 24, 2019

26   
27 Judge of the Superior Court

28 DAVID I. BROWN



ORDER APPROVING SETTLEMENT

# **Exhibit A**

## SETTLEMENT AGREEMENT

This Settlement Agreement (the "Settlement Agreement" or "Agreement") is entered into by and amongst KHM Holdings LLC, a California limited liability company, and Manroop Purewal (collectively referred to as "KHM"), on the one hand, and Wayne Russell ("Russell"), in his capacity as trustee of The Beahm Living Trust Dated 10/28/02 (the "Trust") and guardian ad litem for Greer Beahm ("Greer") and William Beahm ("William"), (collectively referred to as "Beahm") on the other hand. The Agreement is made and entered into as of the last date of any signature to the Agreement ("Effective Date"). From time to time hereinafter, the parties to the Settlement Agreement will be collectively referred to as the "Parties" and individually as a "Party."

## RECITALS

- A) KHM alleges that, on or about October 25, 2018, Purewal Properties LLC, a California limited liability company ("Purewal Properties"), entered into a Purchase and Sale Agreement (the "Sale Agreement"), as amended by Amendment No. 1 dated November 2018, with Greer and William, in their capacities at that time as trustees of the Trust, to sell to Purewal Properties certain real property located in the County of Sacramento for the "Purchase Price" of \$5,500,000. The subject real property of the Sale Agreement is an apartment complex located at 1131, 1135, 1141, 1145 and 1151 Bell Street, Sacramento, California (APNs 285-0201-002 and 285-0201-003) commonly known as Bell Oaks Apartments (the "Subject Property"). Purewal Properties' interest in the Sale Agreement was thereafter assigned to KHM. Sale Agreement and Amendment No. 1 are sometimes collectively referred to herein as "Sale Agreement."
- B) Sometime after October 25, 2018, a dispute (the "Dispute") arose between KHM and the Trust regarding the Subject Property and the Sale Agreement including, but not limited to:
  - 1. William and Greer's capacities to enter into the Sale Agreement;
  - 2. The physical condition of the Subject Property;
  - 3. What, if any, reduction in sale price KHM was entitled to due to the physical condition of the property;
  - 4. The escrow closing date; and,
  - 5. Other contingencies and conditions to closing.
- C) Sale of the Subject Property to KHM has not been completed as of the drafting date of this Agreement. On February 26, 2019, KHM filed suit against Greer and William, in their capacities as trustees of the Trust, in the Superior Court of California in and for the County of Sacramento (Case No. 34-2019-00251335) (the "Lawsuit"). In the Lawsuit, KHM alleges, among other things, that Greer and William breached the Sale Agreement by failing to sell the Subject Property to KHM and prays, among other things, for specific performance compelling the Trust to sell the Subject Property to KHM pursuant to the terms of the Sale Agreement.

- D) Greer and William filed a Cross-Complaint against KHM, Manroop Purewal, Kidder Matthews, and Ben Frazier for rescission of the Sale Agreement based on fraud ("Cross-Complaint"). The Cross-Complaint was not served.
- E) On August 8, 2019, the court appointed Russell the guardian ad litem for both William and Greer in the Lawsuit due to their incompetence and incapacity. On or about August 9, 2019, Russell became the successor trustee of the Trust due to Greer and William's incapacity.

**NOW, THEREFORE**, in the interest of compromise and for and in consideration of the promises and covenants contained herein, and for good and valuable consideration, the sufficiency of which is acknowledged by all Parties, the Parties agree to the settlement and compromise as is detailed in this Settlement Agreement, and agree as follows:

1. **RECITALS.** The above recitals are incorporated herein by reference.
2. **AGREEMENTS.** For and in consideration of the mutual promises and covenants made in this Settlement Agreement, the Parties agree as follows:
  - A. Parties agree that the Sale Agreement is hereby reinstated, and the Parties agree to and will perform and execute an Addendum No. 2 to the Purchase and Sale Agreement ("Amended Sale Agreement"). The Sale Agreement and Amended Sale Agreement are attached as Exhibit A to this Agreement. The entirety of the Amended Sale Agreement is incorporated by reference in this Agreement.
  - B. Pursuant to applicable provisions of the California Code of Civil Procedure, the terms of this Settlement Agreement are subject to the approval of the court. Within 2 business days of the Effective Date, Beahm will file a petition for approval of the Settlement Agreement. If necessary, Beahm further agrees to file a Motion to Shorten Time, or file the motion to approve the settlement ex parte so that the motion may be heard by the court as soon as possible.
  - C. The Parties agree that, in the event of a material breach of this Agreement, the non-breaching Party would sustain considerable, financial damages. The Parties further agree that the amount of such damages would be impractical or extremely difficult to fix. Therefore, the Parties agree that, in the event of a material breach, the non-breaching Party shall be entitled to liquidated damages of \$100,000. In the event KHM is the breaching party, the \$100,000 escrow deposit referenced in the Amended Sale Agreement shall constitute Beahm's liquidated damages and shall be Beahm's sole and exclusive right and remedy, and shall be paid to Beahm directly by the escrow holder. If the escrow funds distributed to Beahm is less than \$100,000, Beahm shall be entitled to a judgment or award of liquidated damages against KHM for the shortfall if there is a material default by KHM.
  - D. Beahm represents and warrants that no more than six units at the Subject Property are under non-month-to-month tenancy. Beahm will serve all tenants at the Subject Property who are in month-to-month tenancies with lease termination notices. Due to the impending passage

of a rent control bill (AB 1482) to be effective January 1, 2020, time to issue lease termination notices is of the essence. The period of the notice for an individual tenant will be the minimum length allowable by law, regulation, or agreement in light of the facts of that individual tenant's residence at the Subject Property. Each notice will be approved by KHM before service on the tenant. The notices will be served within 5 business days of the court's approval of this Agreement but no later than September 30, 2019. The notices will be served in compliance with the relevant provisions of California Law. There will be a reduction of the Purchase Price of \$30,000 for each non-month-to-month tenancy unit in excess of six. (In other words, if there are seven non-month-to-month tenancy units, the price reduction will be \$30,000. If there are eight non-month-to-month tenancy units, the reduction will be \$60,000.). If Beahm fails to timely and properly terminate any tenant to be provided notice as discussed above, there will be a reduction of the Purchase Price of \$30,000 for each unit where the tenancy was not properly terminated. If a rent control bill (AB 1482) or another law or ordinance or any other reason nullifies or voids any lease termination notice given pursuant to this Agreement the Purchase Price shall be reduced by \$30,000 per unit affected by such occurrence. This provision shall survive the close of escrow.

- E. Beahm will engage BLR Commercial Asset Management of Stockton California ("BLR") to manage the Subject Property prior to close of escrow. Beahm will engage BLR's service within two business days of the court's approval of this Agreement. If BLR declines this engagement, Beahm will engage another licensed property management company selected by KHM. That alternative management company shall be engaged as soon as reasonably possible after BLR declines the engagement. Any contract signed by Beahm regarding this provision must be subject to cancellation with thirty days' notice. Beahm will also engage an attorney selected or approved by KHM specializing in residential landlord/tenant issues including unlawful detainers to review the lease termination notices and proper service of each of the notices. KHM will pay the management company's fees and unlawful detainer attorney's fees. In addition, upon the Effective Date of this Agreement and up to the close of Escrow, KHM will pay the debt service for the senior loan on the Subject Property in the amount of \$20,568.02 per month. At close of escrow, KHM shall be entitled to a credit equal to the amounts paid under the provisions of this paragraph 2.E, plus interest at the rate of 6% per annum on the debt service payments only. In the event of a material default by Beahm resulting in escrow failing to close, KHM shall be entitled to a refund of the amounts paid under the provisions of this paragraph 2.E, plus interest at the rate of 6% per annum on the debt service payments only.
- F. Beahm shall pay all real estate broker commissions fees, if any, associated with the Sale Agreement, and KHM shall have no obligation to pay any real estate broker commission fees, and Beahm agrees to indemnify, hold harmless and defend KHM against any claim asserted against or adjudged against KHM regarding such broker commission fees.
- G. KHM will file a dismissal with prejudice of its entire complaint filed in the Lawsuit. Beahm will file a dismissal with prejudice of its entire cross-complaint filed in the Lawsuit. The dismissals will be filed within three court days after the court's approval of this Settlement Agreement.

3. **RELEASE.** Upon the Effective Date of this Settlement Agreement, the Parties settle with, compromise, release, remit, acquit, discharge, and reach accord and satisfaction upon any and all claims, counterclaims, demands, causes of action, rights, remedies, obligations, damages, costs, expenses, attorneys' fees and liabilities that the Parties had or may now have, whether known or unknown, matured or unmatured, foreseen or unforeseen, suspected or unsuspected, accrued or unaccrued, against each other, including their past, present and future employees, parents, subsidiaries, successors, predecessors, affiliates, other related business entities, and current owners, members, shareholders, officers, directors, agents, personal representatives, attorneys and assignees arising out of or related in any way to the Dispute, the Lawsuit, Cross-Complaint and/or the Subject Property (the "Released Claims"). This release is intended to have the broadest legal effect, so as to bar any claims whatsoever by one Party against another Party related to, arising out of or in connection with the Released Claims. However, the Settlement Agreement is not intended to and does not release the Parties from any of their obligations under this Settlement Agreement.
4. **UNKNOWN FACTS.** The Parties understand and agree that this Settlement Agreement includes all claims between them of every nature and kind whatsoever, known or unknown, suspected or unsuspected, relating to or connected with the Released Claims. The Parties acknowledge that they may hereafter discover facts different from, or in addition to, those which they now know or believe to be true with respect to this Settlement Agreement, and agree that this Settlement Agreement shall be and remain effective in all respects relating to or connected with the Released Claims, notwithstanding such different or additional facts or the discovery thereof, with the exception of the express representations set forth in this Settlement Agreement, if any. The Parties acknowledge that they have had the opportunity to consult with legal counsel of their choice regarding the effect and import of the release and section 1542 of the California Civil Code and expressly waive any and all rights and claims under said section, which states in full:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS  
THAT THE CREDITOR OR RELEASING PARTY DOES  
NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER  
FAVOR AT THE TIME OF EXECUTING THE RELEASE  
AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE  
MATERIALLY AFFECTED HIS OR HER SETTLEMENT  
WITH THE DEBTOR OR RELEASED PARTY.

5. **COSTS & ATTORNEYS' FEES.** The Parties agree that they are each responsible for paying their own costs and attorneys' fees regarding the Dispute, Lawsuit, Cross-Complaint, Subject Property and the drafting and negotiation of this Settlement Agreement. They specifically release the other Party from any claims for such costs or fees incurred.
6. **NO OTHER CONSIDERATION.** The Parties affirm that the only consideration received for entering into this Settlement Agreement is as stated herein, and that no other promise, representation, or agreement of any kind has been made to or relied upon by the Parties in connection with his execution of this Settlement Agreement. The Parties further acknowledge that they have read the entire Settlement Agreement and fully understand the

meaning and intent of the Settlement Agreement, including, but not limited to, its final and binding effect in relation to the Released Claims. The Parties acknowledge that, with the exception of the benefits described herein, they are not entitled to any other benefits, payments, or compensation of any kind.

7. **NO ADMISSION.** This Settlement Agreement shall not be construed as an admission by any Party of any liability or any acts of wrongdoing in violation of any federal, state, or local law, ordinance, or regulation, nor shall it be considered as evidence of any such alleged liability, wrongdoing, or violation of any federal, state, or local law, ordinance, or regulation. The Parties agree that this Settlement Agreement may be used as evidence only in a subsequent proceeding in which any of the Parties allege a breach of this Settlement Agreement.
8. **ACTING IN GOOD FAITH; TIME IS OF THE ESSENCE.** The Parties shall act in good faith in taking the actions agreed to and described in this Agreement. Such good faith shall extend to the execution of documents necessary to effectuate the terms of the Agreement. The Parties further agree to execute any additional documents not specifically described in the Agreement but reasonably necessary to fulfill its terms. Time is of the essence in the execution of all obligations under this Settlement Agreement.
9. **NOTICES.** Any notice required by this Settlement Agreement should be sent to:

Notice to KHM/Purewal:

Jason Hoffman  
Real Estate Law Group LLP  
700 University Avenue, Suite 100  
Sacramento, CA 95825  
[jhoffman@relglaw.com](mailto:jhoffman@relglaw.com)

-- Notice to Beahn:

Shawn J. Ervin  
Collins, Ritchie & Ervin, LLP  
331 J Street, Suite 200  
Sacramento, CA 95814  
[servin@crellp.com](mailto:servin@crellp.com)

10. **REPRESENTATIONS AND WARRANTIES.** The Parties represent, warrant and agree with each other that:

- A. they have carefully read this Settlement Agreement;
- B. they have had an opportunity to seek legal counsel regarding this Settlement Agreement;
- C. they know and understand the contents of this Settlement Agreement;
- D. they freely and willingly sign this Settlement Agreement; and,
- E. prior to the execution of this Settlement Agreement, they have not sold, assigned,



granted, conveyed or transferred to any other entity or person any of the rights, obligations, claims, demands, actions or causes of action described herein.

11. **ATTORNEYS' FEES.** In any action or proceeding between or among the Parties hereto at law or in equity for breach of, with respect to, or arising out of this Settlement Agreement, whether in tort, breach of contract or other claim, the prevailing party shall be entitled to reasonable attorneys' fees.

12. **GENERAL PROVISIONS**

A. **Entire Agreement.** It is expressly agreed that this Settlement Agreement, constitutes a full and final settlement of all claims identified herein. The Parties agree that this Settlement Agreement contains the entire agreement between the Parties, and therefore supersedes any prior agreements of the Parties, with respect to the issues addressed herein. The terms of this Settlement Agreement are contractual and shall survive the execution of this Settlement Agreement.

B. **Amendments.** No modification, amendment, or waiver of any provision of this Settlement Agreement, nor consent to any departure by any Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Parties, and same shall be effective only in the specific instance and for the specific purpose for which given.

C. **Severability.** If any clause or provision herein shall be adjudged invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, it shall not affect the validity of any other clause or provision, which shall remain in full force and effect as such invalid clause or provision shall be deemed severable, unless such severance should materially affect the intent of the Parties in entering into this Settlement Agreement.

D. **Governing Law; Jurisdiction; Venue.** This Settlement Agreement is made and entered into in the State of California and will in all material respects be interpreted, enforced, and governed under the laws of said state, without regard to conflict of laws jurisprudence. The Parties agree and consent to exclusive jurisdiction (including without limitation personal jurisdiction) and venue in the state and federal courts of Sacramento County, California for the adjudication of any dispute arising from or relating to this Agreement.

E. **Capacity.** The Parties warrant and represent that, prior to the execution of this Settlement Agreement, they have not sold, assigned, granted, conveyed, or transferred to any other entity or person any of the rights, obligations, claims, demands, actions, or causes of actions described herein. The Parties have full legal and mental capacity to enter into, execute, and perform the terms and conditions contained in this Settlement Agreement and have entered into the Settlement Agreement voluntarily. Any person executing this Settlement Agreement in a representative capacity represents and warrants that that person is duly authorized to execute this agreement on behalf of the represented Party.

F. **Binding Effect.** This Settlement Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors, assigns and legal representatives.

G. **Counterparts.** This Settlement Agreement may be executed in one or more counterparts, at different times and places. When all Parties have executed a counterpart of this Settlement Agreement, it shall be binding on all Parties notwithstanding that all of them may not have signed the same counterpart. A facsimile or other copy of an executed counterpart hereof, such as an emailed PDF copy, shall have the same effect as an original.

H. **Confidentiality of Agreement.** The Parties will not disclose this Agreement or any of its terms or conditions to any third party except (1) as required by law, or (2) as must be disclosed to either Party's legal or financial advisors, or (3) in the event that there is a dispute arising from or relating to this Agreement, or (4) to seek Court approval of the Agreement. Notwithstanding the foregoing, the Parties may state that this dispute has been resolved or settled. Otherwise, this Agreement and its terms are confidential.

I. **Admissibility and Enforceability of Settlement Agreement.** This Settlement Agreement is a binding settlement agreement pursuant to California Evidence Code section 1123 and is admissible into evidence to enforce its terms pursuant to California Code of Civil Procedure § 664.6, or any other applicable provision of law. An appropriate California court may enforce this Settlement Agreement pursuant to § 664.6 or any other applicable provision of law.

J. **Waiver.** No waiver by a Party affects the exercise of any of that Party's other rights and remedies. A Party's failure to neglect to enforce any of its rights under this Settlement Agreement will not be deemed to be a waiver of that or any other of that Party's rights.

K. **No Third-Party Beneficiaries.** This Agreement is not intended to benefit any other person or entity, and no person or entity not a Party to this Agreement shall have any third-party beneficiary or other rights hereunder.

L. **Headings.** The headings of the paragraphs herein are intended solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Settlement Agreement.

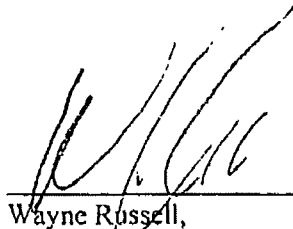
IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Agreement on the dates set forth below:

DocuSigned by:  
Manroop Purewal  
KHM Holdings LLC, Plaintiff  
By Manroop Purewal, its Managing Member

Date: 9/19/2019

DocuSigned by:  
Manroop Purewal  
Manroop Purewal

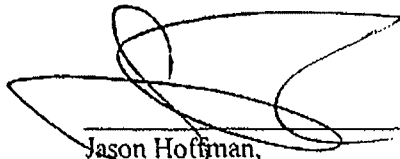
Date: 9/19/2019



Wayne Russell,  
Guardian Ad Litem for Defendants  
William Beahm and Greer Beahm,  
Successor Trustee of The Beahm Living Trust Dated 10/28/02

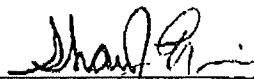
Date: 9-18-2019

**APPROVED AS TO FORM**



Jason Hoffman,  
Attorney for KHM Holdings LLC and Manroop Purewal

Date: 9-19-19



Shawn J. Ervin,  
Attorney for Wayne Russell

Date: 9/18/2019

## PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is entered into as of October 25, 2018 by and between PUREWAL PROPERTIES LLC, a California limited liability company ("Buyer"), and William Beahm and Greer Beahm, as Trustee of THE BEAHM FAMILY LIVING TRUST ("Seller"), with respect to the following facts.

A. Seller is the owner of that certain real property consisting of fifty-four (54) apartment units and commonly known as 1131, 1135, 1141, 1145, 1151 Bell Street, Sacramento, California 95825 and referenced as Bell Oaks Apartments, APNs: 285-0201-002, 285-0201-003 (the "Property").

B. Buyer desires to buy from Seller and Seller desires to sell to Buyer. Seller's interest in the Property upon the following terms and conditions.

NOW, THEREFORE, the parties agree as follows:

1. Purchase Price.

a. Seller shall sell, and Buyer shall buy, Seller's fee simple interest in the Property for a purchase price of Five Million and Five Hundred Thousand and 00/100 Dollars (\$5,500,000.00) (the "Purchase Price"), payable by Buyer on or before Closing (as defined herein).

2. Conveyance; Evidence of Title.

a. At Closing, Seller shall convey to Buyer by grant deed fee title to the Property, subject only to the exceptions listed in Preliminary Title Report generated by the Title Company (as defined herein).

b. Evidence of title to the Property shall be in the form of a California Land Title Association Owner's Policy of title insurance ("Owner's Title Policy"), insuring title in Buyer in the amount of the Purchase Price.

3. Buyer's Inspection Contingency. The parties acknowledge and agree that (i) Buyer will have sixty (60) days from the Effective Date to inspect the Property and conduct all of its investigations and inspections and the Buyer's performance under this contract is contingent on the Buyer being satisfied with the condition of the Property, and (ii) the Buyer can only remove this contingency by giving written notice to the Seller.

4. Escrow. Upon mutual execution of this Agreement, escrow will be opened with First American Title Insurance Company, 3001 I St., Sacramento, California, Attention Lesley Kaufman (the "Title Company"). Each party shall timely deposit such documents, monies, and written escrow instructions with Title Company as may be necessary for the conveyance of the Property in accordance with the terms of this Agreement.

5. Closing. Escrow shall close on or before thirty (30) days after the removal of the Buyer's Inspection Contingency (the "Closing").

6. Closing Costs and Prorations. The closing costs shall be paid as follows:

Escrow Fees:	Split Equally - Buyer and Seller
Owner's Title Policy:	Seller
County Transfer Tax:	Seller
City Transfer Tax:	Seller

Rents, security deposits, real property taxes and assessments shall be prorated as of the Closing based upon the latest available tax and assessment information.

7. Assignment. Buyer may assign its interest in this contract to any party without the consent of the Seller.

8. Broker's Commissions. The parties acknowledge that Kidder Mathews c/o Ben Frazier represents both parties and the Seller will pay him a commission equal to five percent (5%) of the Purchase Price at Closing. The parties each covenant to the other that they have not entered into any agreement or incurred any obligation which might result in the obligation of the other party to pay any other sales or brokerage commission or finder's fee on this transaction to any party or company except as expressly stated herein.

9. Distribution of Sale Proceeds to Seller. The parties acknowledge and agree that the net sale proceeds at Closing shall be distributed to the Seller as follows: (1) sixty-five percent (65%) to Greer Beahm; and (2) thirty-five percent (35%) to William Beahm.

10. Standard Provisions.

a. This Agreement shall inure to the benefit of and be binding upon the parties' heirs, successors and assigns.

b. This Agreement supersedes any prior agreements and contains the entire agreement of the parties. No other agreement, statement or promise made by any party or agent of any party that is not in writing and signed by all the parties to this Agreement shall be binding. Any amendments to this Agreement shall be in writing and signed by all the parties.

c. This Agreement may be executed by facsimile and in counterparts, each of which shall be deemed to be an original, but such counterparts when taken together shall constitute one Agreement.

d. If any party institutes an action to enforce its rights under this Agreement, the losing party shall pay to the prevailing party the attorneys' fees and costs incurred by the prevailing party in such action.


e. If there is any damage or destruction to the Property prior to the Closing, then the Buyer shall have at its option to either move forward with the transaction in which case it will be entitled to the full insurance proceeds of such damage or destruction; or the Buyer may terminate the transaction and be entitled to a full refund of any money in escrow.

f. Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under any existing leases.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the first date set forth above.

**SELLER**

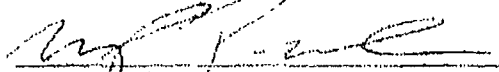
BEAHM FAMILY LIVING TRUST

  
WILLIAM BEAHM, Trustee

  
GREER BEAHM, Trustee

**BUYER:**

PUREWAL PROPERTIES LLC, a California limited liability company

  
MANROOP PUREWAL, Managing Member

This is an amendment to the Purchase & Sale Agreement regarding Bell Oaks Apartments between Beahm Family Trust ("Seller") and Purewal Properties LLC ("Buyer").

1. The inspection contingency is extended to Friday, December 7<sup>th</sup>, 2018.

2. No other changes to the Purchase Agreement.

Buyer:

Purewal Properties LLC

[Signature]

11/28/18

Seller:

Beahm Family Trust.

[Signature]  
William Beahm,  
Trustee

[Signature]  
Greg Beahm,  
Trustee

**ADDENDUM NO. 2 TO PURCHASE AND SALE AGREEMENT**

THIS ADDENDUM NO. 2 TO PURCHASE AND SALE AGREEMENT (this "Addendum"), dated as of September 18, 2019, is made by Wayne Russell ("Russell"), in his capacity as trustee of The Beahm Living Trust Dated 10/28/02 ("Seller"), and KHM Holdings LLC, a California limited liability company ("Buyer").

**RECITALS**

A. Seller and Buyer's predecessor in interest entered into that certain Purchase and Sale Agreement dated October 25, 2018 (the "Sale Agreement"), whereby Seller agreed to convey to Buyer and Buyer agreed to acquire from Seller that certain real property commonly known as the Bell Oaks Apartments located at 1131, 1135, 1141, 1145, 1151 Bell Street, Sacramento, Sacramento County, California 95825 ("Property") as more particularly described in the Sale Agreement. On or about November 2018, the Seller and Buyer entered into that certain Amendment to the Purchase and Sale Agreement ("First Amendment"). The Sale Agreement and First Amendment are sometimes collectively referred to herein as Sale Agreement.

B. Purewal Properties LLC transferred its interest in the Sale Agreement to Buyer. As such, this Addendum is entered into and executed by Buyer.

C. Seller's trust was mistakenly identified as THE BEAHM FAMILY LIVING TRUST in the Sale Agreement the correct name of the trust is The Beahm Living Trust Dated 10/28/02. On or about August 9, 2019, Russell became the successor trustee of the Trust due to Greer and William's incapacity.

D. Seller and Buyer desire to, among other things, reinstate the Sale Agreement and enter into certain terms and conditions as is more particularly set forth below.

**AGREEMENT**

In consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Capitalized Terms: Recitals. All capitalized terms used in this Addendum and not otherwise defined herein shall have the meanings set forth in the Sale Agreement.
2. Incorporation. This Addendum is being entered into in connection with a Settlement Agreement entered into by the parties hereto in the case of KHM Holdings LLC v. William Beahm, et al., filed in Sacramento Superior Court, as Case Number 34-2019-00251335 and is attached thereto. The entirety of the Settlement Agreement is incorporated by reference in this Addendum.
3. Deposit. Buyer shall deliver a deposit of \$100,000 into the escrow account (First American Title; Escrow Number: 5813819 c/o Lesley Kaufman) within two (2) business days after Court approval of the Settlement Agreement.
4. Default. Should the sale of the property fail to close due to a material breach of the Sale Agreement or this Addendum, the \$100,000 deposited by Buyer pursuant to paragraph 1 above,



shall be distributed to Seller pursuant to the terms of the Settlement Agreement entered into by the parties hereto in the case of KHM Holdings LLC v. William Beahm, et al., filed in Sacramento Superior Court, as case number 34-2019-00251335.

5. Inspection. Upon the Effective Date, all inspection contingencies in Section 3 of the Sale Agreement are removed.

6. Close of Escrow. Section 5 of the Sale Agreement is deleted and replaced with the following: Escrow shall close the later of (i) on or before 45 days of the Court's approval of the Settlement Agreement entered into by the parties hereto in the case of KHM Holdings LLC v. William Beahm, et al., filed in Sacramento Superior Court, as case number 34-2019-00251335; or (ii) 100 days after issuance of all lease termination notices for all tenants at the Subject Property.

7. Sales Proceeds. Section 9 of the Sale Agreement shall be deleted and replaced with the following: "All sale proceeds will be distributed to Wayne Russell, successor trustee of The Beahm Living Trust Dated 10/28/02."

8. Estoppel Certificates. Seller will exert his best efforts to obtain executed tenant estoppel certificates from all current tenants. The form of the estoppel certificates shall be approved by Buyer prior to presentation to the tenants for execution.

9. Rental Agreements. Seller will exert his best efforts to provide Buyer with the original (or copies if an original is not available) of all rental agreements and agreements with Sacramento Housing and Redevelopment Agency (SHRA) related to any current tenant.

10. Representations and Warranties of Seller and Disclaimers. Seller's warranties and representations shall survive Closing. Seller's warranties and representations are true, material and relied upon by the Buyer in all respects. Seller hereby makes the following warranties and representations to Buyer:

(a) Authority of Seller. Seller is the owner of the Property and/or has the full right, power, and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(b) Maintenance During Escrow. Except as otherwise stated herein or within the Settlement Agreement, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted.

(c) Hazardous Substances/Storage Tanks. Seller has no knowledge, except as it otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.

(d) Compliance. Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one has required, or of any unfulfilled order or directive of any applicable governmental agency or casualty

insurance company requiring any investigation, remediation, repair, maintenance or improvement be performed on the Property

(e) Possessory Rights. Other than existing tenants at the Property, Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement.

(f) Mechanics' Liens. There are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.

(g) Actions, Suits or Proceedings. Except case number 34-2019-00251335 in Sacramento Superior Court, Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize the same.

(h) Notice of Changes. Seller will promptly notify Buyer in writing of any material change affecting the Property that becomes known to Seller prior to Closing.

(i) No Seller Bankruptcy Proceedings. Seller is not the subject of a bankruptcy, or insolvency proceeding.

(j) Equal Housing. The Property is being sold in compliance with local, state and federal anti-discrimination laws.

11. Insurance or Eminent Domain Loss. If prior to the Closing there is any insurable loss or eminent domain proceeding, then Buyer at its option shall have the right to either have all insurance proceeds or eminent domain funds assigned to it and close escrow as set forth herein or cancel this agreement. Buyer agrees and acknowledges it has and will maintain property, customary insurance on the Property through the close of escrow.

12. Prorations and Adjustments. At Closing, the taxes, utility charges, and rental income shall be prorated. Seller shall provide to Buyer a credit for the tenant security deposits and will pay off any loans or notes it has secured by the Property.

13. Title Policy. Seller shall provide to Buyer fee simple ownership in the Property subject to only the exceptions approved by Buyer in an updated preliminary title report to be ordered by First American Title. Buyer shall have seven (7) days after receipt of the updated preliminary title report to approve or disapprove of the exceptions. If any exceptions are disapproved, then Seller shall reasonably work with First American title to remove such exceptions prior to Closing, if such exceptions are unable to be removed then Buyer shall have the option to either waive such disapproval and Close or cancel this transaction.

14. Ratification. Buyer and Seller hereby agree that, except as provided in this Addendum, the Sale Agreement is ratified, affirmed and remains in full force and effect and is incorporated herein by this reference. Notwithstanding anything to the contrary contained in the Sale Agreement, the express provisions of this Addendum shall control and govern as to any inconsistency or contradiction between the provisions of this Addendum and the provisions of the Sale Agreement. If any clause or provision herein shall be adjudged invalid or unenforceable by a

court of competent jurisdiction or by operation of any applicable law, it shall not affect the validity of any other clause or provision, which shall remain in full force and effect as such invalid clause or provision shall be deemed severable, unless such severance should materially affect the intent of the parties hereto.

15. Execution. This Addendum may be executed in one or more counterparts, at different times and places. When all Parties have executed a counterpart of this Addendum, it shall be binding on all parties notwithstanding that all of them may not have signed the same counterpart. A facsimile or other copy of an executed counterpart hereof, such as an emailed PDF copy, shall have the same effect as an original.

16. Authority. The parties hereto have full legal and mental capacity to enter into, execute, and perform the terms and conditions contained in this Addendum and have entered into the it voluntarily. Any person executing this Addendum in a representative capacity represents and warrants that that person is duly authorized to execute this agreement on behalf of the represented party.

17. Conflict. If there is a conflict between any provision of the Sale Agreement and this Addendum, the provisions of this Addendum shall control. All provisions of the Sale Agreement not affected by this Addendum shall remain in effect.

IN WITNESS WHEREOF, the Parties hereto have executed this Addendum on the dates set forth below:

BUYER

DocuSigned by:

Manroop Purewal

KHM TRUSTING LLC

By Manroop Purewal, its Managing Member

Date: 9/19/2019

SELLER

Wayne Russell,

Trustee of The Beahm Living Trust Dated 10/28/02

Date: 9-18-2019